

FISCAL NOTE

Bill #: HB0545

Title: Clarify rules for gravel pits

Primary Sponsor: Maedje, R

Status: As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$68,311	\$75,588
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	(\$68,311)	(\$75,588)

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Environmental Quality (DEQ)

1. The proposed new criteria that would determine when opencut mining operators need a permit from the Department of Environmental Quality (DEQ) under the Opencut Mining Act (the Act) are significantly altered by HB 545. There is no method to accurately predict the number of operations that may or may not be subject to the provisions of this bill compared to those that are currently subject to the Act, or how this bill would otherwise affect DEQ's opencut mining program. However, for the purpose of this analysis, the following scenario is considered the most germane.
2. The proposed initial text in 82-4-231(1), MCA, of the bill is: "An operator shall obtain a permit for reclamation of land affected by an opencut mining operation if the opencut mining operation would:
(a) "exceed 1 acre in size;"
The term "opencut operation" is defined in DEQ's administrative rules as "the areas and activities related to opencut mine site preparation, access road use, mine material mining and processing, and reclamation." DEQ considers "opencut mining operation" and "opencut operation" synonymous. Thus, an opencut mining operation needing a permit under this bill would be those exceeding one acre in size, and any such 1+ acre site would include the pit, roads, stockpiles, and any other associated facilities.
3. This proposed new criterion by itself would substantially increase the number of operations that would require permitting under the Act, compared to the current situation. The current 10,000 cubic yard

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(continued)

limitation in the Act exempts many landowners from needing a permit to conduct small opencut mining operations on their own property, even if their site is larger than 1 acre. It is impossible to estimate accurately how many additional landowners and operators would need permits, but it could be several hundred.

4. In the context of permit application review, field inspections, and associated responsibilities necessary under this bill in the next biennium, the above assumptions indicate that one additional FTE would be needed in DEQ's opencut mining program. This would be an environmental specialist (payband 6), probably located in DEQ's Billings office, since eastern Montana would be expected to have the largest share of the additional work load. The following costs of the new FTE reflect this location and also the fact that, in FY 2006, the costs would only be needed for 75 percent of the year, because the bill would not be effective until October 1, 2005.
5. Personal services would be \$35,321 in FY 2006 and \$47,095 in FY 2007. Operating expenses are \$32,990 in FY 2006 and \$28,493 in FY 2007 including office rent and vehicle leasing (\$7,000 each year), office and field supplies and services (\$11,373 in FY 2006 and \$4,050 in FY 2007), travel for site inspections and training (\$6,140 each year), and indirect costs (\$8,477 in FY 2006 and \$11,303 in FY 2007).
6. The program is currently funded with RIT and general fund. In that there are no fees proposed and that no additional RIT funds are available, it is assumed that the general fund will fund the provisions of this legislation.

FISCAL IMPACT:

	FY 2006 <u>Difference</u>	FY 2007 <u>Difference</u>
FTE	0.75	1.00
<u>Expenditures:</u>		
Personal Services	\$35,321	\$47,095
Operating Expenses	<u>\$32,990</u>	<u>\$28,493</u>
TOTAL	\$68,311	\$75,588
<u>Funding of Expenditures:</u>		
General Fund (01)	\$68,311	\$75,588
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$68,311)	(\$75,588)

TECHNICAL NOTES:

1. HB 545 eliminates the express prohibition in 82-4-431(1), MCA, on conducting an opencut mining operation until the operator obtains a permit for reclamation. The new language in section 1(1) requires a permit for reclamation of land affected by an opencut mining operation, but it does not expressly require the operator to obtain the permit before engaging in the mining operation. It is therefore not clear whether the DEQ could require a permit prior to the commencement of mining.